



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 10/10/2002

GAIN Report #EG2021

Egypt

Grain and Feed

Egypt's Wheat Imports Update 2002

Approved by:

Asif J. Chaudhry

U.S. Embassy

Prepared by:

Ali Abdi & Sherif Ibrahim

Report Highlights:

Since the beginning of MY 2002/03, Egypt imported 1,970,000 MT of wheat. French and Australia wheat exports accounted for most of GOE's wheat purchases while the private sector entirely switched to sourcing wheat from non-traditional suppliers, particularly from Russia and Ukraine due to the availability of lower quality wheat at relatively low price. Wheat flour prices at the local level are moving upwards as a result of increasing wheat prices and strong demand for flour during the month of Ramadan.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Cairo [EG1], EG

Since the beginning of Marketing Year 2002/2003 (July,2001) Egypt purchased a total of 1,970,000 MT of wheat as follows:

	From All Sources	From US
General Authority for Supply Commodities (GASC):	1,560,000 MT	60,000 MT
Private Sector:	410,000 MT	0

Total:	1,970,000MT	60,000 MT

Egypt's total wheat imports by country of origin are as follows. Private sector wheat imports are based on local industry estimates.

Origin	Quantity (000 MT)
US:	60,000 MT
Australia:	240,000 MT
France:	1,260,000 MT
Pakistan:	30,000 MT
Ukraine:	95,000 MT
Poland:	25,000 MT
Russia:	245,000 MT
Yugoslavia:	15,000 MT
Grand total:	1,970,000 MT

During the month of September, GASC purchased 420,000 MT of wheat: 300,000 MT from France, 60,000 MT from Australia and 60,000 MT of SWW from the US. GASC continues to purchase most of its wheat import requirements from France due to the large price difference that exists between French wheat and other origins. French wheat prices are reportedly \$25-\$30 per ton cheaper than US soft wheat prices. In the GASC tender, the average price of French wheat was \$124.47 MT/FOB while the US/SWW price was \$172.36 MT/FOB. The Australian wheat price came in slightly below the US price at \$172.20/MT FOB.

The price gap between US wheat and wheat from non-traditional suppliers (mainly Russia and Ukraine) remains high. Private sector mills which consume about two millions metric tons of imported wheat annually have mostly switched to using Russian and Ukrainian wheat because of this large price gap. Reportedly,

Russian and Ukrainian wheat prices ranged between \$116 to \$118/MT C&F during the month of September, however most traders anticipate that these prices will increase in the near future due to the strong demand for flour during the month of Ramadan which begins the first week of November. US wheat exports which dominated the Egyptian market for years are not expected to return if the current trend of high US wheat prices continues.

Private sector mills and bakeries report that the price of 72 percent extraction flour increased approximately 10 to 20 percent in recent weeks due to increasing wheat prices. Reportedly, wheat flour prices currently range between LE 1,050 and 1,150 per MT depending on the quality as compared to LE 990/MT few weeks ago. Flour extracted from US and Australian wheat is currently selling for LE 1,400 per MT compared to LE 1,100 few weeks ago. Flour wholesalers are stocking up supplies in anticipation of additional price increases in connection with the month of Ramadan.